

**DOCKET: EXAMINER HEARING - THURSDAY –JANUARY 19, 2017**

8:15 A.M.

1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Docket Nos. 5-17 and 6-17 are tentatively set for February 2, 2017 and February 16, 2017. Applications for hearing must be filed at least 30 days in advance of hearing date. OCD Rule Subsection B of 19.15.4.13 NMAC requires parties who intend to present evidence at an adjudicatory hearing to file a pre-hearing statement no later than the Thursday before the hearing, and serve a copy on opposing counsel of record. If the OCD does not receive a pre-hearing statement from the applicant by the close of business on the Thursday before the hearing, the hearing may be continued. A party who plans on using projection equipment at a hearing must contact Florene Davidson seven (7) business days prior to the hearing requesting the use of the projection equipment. Wireless internet is available; however, the party must provide its own laptop computer. The following cases will be heard by an Examiner.

***Locator Key for Cases***

*Case 15573 - No. 14*  
*Case 15574 - No. 15*  
*Case 15575 - No. 16*  
*Case 15576 - No. 17*  
*Case 15577 - No. 18*  
*Case 15578 - No. 19*  
*Case 15579 - No. 20*  
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*Case 15581 - No. 22*  
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*Case 15604 – No. 6*  
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*Case15615 – No. 9*  
*Case 15616 – No. 10*  
*Case 15618 – No. 1*  
*Case 15619 – No. 2*  
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*Case 15621 – No. 4*  
*Case 15622 – No. 5*

1. ***Case 15618: Application of WPX Energy Production, LLC For Approval Of The Rodeo Unit And For Allowance Of 330 Foot Setbacks From The Exterior Of The Proposed Unit, San Juan County, New Mexico.*** Applicant seeks approval of its Rodeo Unit consisting of approximately 6,247.39 acres, more or less, of Federal and Allotted Indian lands situated in all or parts of the Section 6, Township 22 North, Range 8 West, Sections 1-3 and 10-12, Township 22 North, Range 9 West, Sections 20 and 29-32, Township 23 North, Range 8 West, and Section 36, Township 23 North, Range 9 West, NMPM, San Juan County, New Mexico. The unitized interval includes the Mancos formation from the top of the Mancos formation at a depth of 3,524 feet down to the stratigraphic equivalent of the top of the Graneros formation at a measured depth of 5,359 feet as encountered in the North Chaco #7 well in Section 30, Township 23 North, Range 8 West, N.M.P.M. (API 30-045-05068). In addition, Applicant seeks an order that will allow for wells to be located anywhere within the proposed Unit Area so long as the completed interval is no closer than 330 feet from the outer boundary of the proposed Unit. The subject acreage is located approximately 6 miles southwest of Nageezi, New Mexico.

2. ***Case 15619: Application of Cimarex Energy Co. for a non-standard spacing and proration unit, project area and compulsory pooling, Eddy County, New Mexico.*** Applicant seeks an order from the Division: (1) creating a non-standard 360-acre, more or less, oil spacing and proration unit in the Bone Spring formation, comprised of the N/2 N/2 of Sections 26 and 27 and the NE/4 NE/4 of Section 28, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard project area and spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Hackberry 26 Federal Com 1H** well, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for

supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 31 miles southeast of Carlsbad, New Mexico.

3. **Case 15620: Application of Cimarex Energy Co. for a non-standard spacing and proration unit, project area and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order from the Division: (1) creating a non-standard 360-acre, more or less, oil spacing and proration unit and non-standard project area in the Bone Spring formation, comprised of the S/2 N/2 of Sections 26 and 27 and the SE/4 NE/4 of Section 28, Township 19 South, Range 30 East, NMPM, Eddy County, New Mexico; and, (2) pooling all mineral interests in the Bone Spring formation underlying this proposed non-standard project area and spacing and proration unit. This proposed non-standard spacing and proration unit will be the project area for the **Hackberry 26 Federal Com 2H** well, to be horizontally drilled. The producing area for this well will be 330 feet from the project area boundary. Also to be considered will be the cost of drilling and completing said well, the allocation of these costs as well as the actual operating costs and charges for supervision, designation of Cimarex as operator of the well, and a 200% charge for risk involved in drilling said well. Said area is located approximately 31 miles southeast of Carlsbad, New Mexico.

4. **Case 15621: Application of Opal Resources Operating Co., LLC & Opal Resources II, LLC for a Non-Standard Spacing and Proration Unit, a Non-Standard Project Area, and Compulsory Pooling, Lea County, New Mexico.** Applicant in the above styled cause seeks an order (1) creating a non-standard, 200-acre, more or less, spacing and proration unit comprised of W/2W/2 Section 29 and NW/4NW/4 Section 32, Township 19 South, 39 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Nadine/Abo Formation underlying said acreage. Said non-standard unit is to be dedicated to Applicant's **Jade 19S-39E-S29 No. 1H Well**, to be vertically drilled from the surface location in NW/4NW/4 (Unit D) of Section 29 to the Nadine/Abo Formation to the bottom hole location of in NW/4NW/4 (Unit D) of Section 32. The completed interval for this well will remain within the 330-foot standard offset required by the Rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the costs thereof, as well as actual operating costs and charges for supervision, designation of Opal Resources Operating Co., LLC as operator of the well, and a 200% penalty for risk involved in the drilling the well.

5. **Case 15622: Application of Robert L. Bayless, Producer LLC For Approval of the East Horseshoe Gallup Unit, Creation of a New Pool For Horizontal Development Within the Unit Area With No Allowables, and For Allowance of 330 Foot Setbacks From The Exterior of the Proposed Unit, San Juan County, New Mexico and Application For Authorization To Inject.** Applicant seeks approval for its East Horseshoe Gallup Unit consisting of 4,762.57 acres, more or less, of federal and fee lands situated in all or parts of Sections 3-5, 7-9, and 17-19 of Township 30 North, Range 15 West, N.M.P.M., San Juan County, New Mexico. The Unitized Interval includes all formations from the base of the Point Lookout Sandstone to the base of the Greenhorn Limestone Member of the Mancos Shale. In addition, Applicant seeks an order creating a new pool which would extend from the bottom of the Point Lookout formation to the top of the Greenhorn Formation within the proposed Unit Area that will allow for horizontal oil development with 330 foot setbacks from the exterior of the proposed Unit with no allowables. Alternatively, Applicant seeks expansion of the existing "frozen" Horseshoe Gallup Gas Pool to cover the proposed unit. Bayless also seeks authorization to inject produced gas into the Gallup formation in the Horseshoe Gallup Pool. The San Juan Generating Station, a coal-burning power plant, is in the vicinity of the proposed location. Bayless seeks this authorization in order to ensure air quality is not impacted in the area which could otherwise be affected from venting and flaring excess associated gas.

6. **Case 15604: (Continued from the January 5, 2017 Examiner Hearing.)** **Application of Cimarex Energy Co. for a non-standard spacing and proration unit, and unorthodox well location, and compulsory pooling, Eddy County, New Mexico.** Cimarex Energy Co. seeks an order approving a 640-acre non-standard spacing and proration unit (project area) in the Wolfcamp formation comprised of the E/2 of Section 23 and the E/2 of Section 26, Township 25 South, Range 26 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Wolfcamp formation underlying the non-standard spacing and proration unit. The unit is to be dedicated to the Wigeon 23-26 Fed. Com. Well No. 4H, a horizontal well with a surface location in the NE/4NE/4 of Section 23, and a terminus in the SE/4SE/4 of Section 26. The producing interval will be unorthodox. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost thereof, as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The unit is located approximately 6-1/2 miles south of Black River Village, New Mexico.

7. **Case 15613: (Continued from the January 5, 2017 Examiner Hearing.)** **Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 E/2 of Section 26 and the E/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 26H Well**, which will be horizontally drilled from a surface location in the NE/4 NE/4 (Unit A) of Section 26 to a standard bottom hole location in SE/4 SE/4 (Unit P) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be : the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for

supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

8. **Case 15614:** (Continued from the January 5, 2017 Examiner Hearing.)

***Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the W/2 E/2 of Section 26 and the W/2 E/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 24H Well**, which will be horizontally drilled from a surface location in the NW/4 NE/4 (Unit B) of Section 26 to a standard bottom hole location in SW/4 SE/4 (Unit O) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

9. **Case 15615:** (Continued from the January 5, 2017 Examiner Hearing.)

***Application of OXY USA Inc. for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 320-acre spacing and proration unit comprised of the E/2 W/2 of Section 26 and the E/2 W/2 of Section 35, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico and (2) pooling all uncommitted interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to applicant's proposed **Corral Fly 35-26 Federal Com No. 23H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 26 to a standard bottom hole location in SE/4 SW/4 (Unit N) of Section 35. The completed interval for this well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of OXY USA Inc. as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 7 miles east of Malaga, N.M.

10. **Case 15616:** (Continued from the January 5, 2017 Examiner Hearing.)

***Application of OXY USA Inc. for Approval of a Pressure Maintenance Project, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order approving a pressure maintenance pilot project for injection of produced gas and produced water through two horizontal wells into the Second Bone Spring in a project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. Produced water and produced gas will be injected into the Second Bone Spring formation (Pierce Crossing, Bone Spring, East Pool (96473) and Corral Draw Bone Spring Pool (96238)) through the Cedar Canyon 16 State No. 7H and the Cedar Canyon 16 State No. 12H in a proposed project area comprised of Section 16, Township 24 South, Range 29 East, NMPM, Eddy County, New Mexico. The surface hole location for the Cedar Canyon 16 State No. 7H (API No. 30-015-41251) is 2,485 feet from the North line, 330 feet from the West (Unit E) of Section 15 and the bottom hole location is 1,980 feet from the North line, 330 feet from the West line (Unit E) of Section 16. The Cedar Canyon 16 State No. 7H is currently producing from the Pierce Crossing, Bone Spring, East Pool (96473). True vertical depth at the first perforation point is 8,690 feet, and corresponding measured depth is 9,200 feet. True vertical depth at the last perforation point is 8,644 feet, and the corresponding measured depth is 13,860 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,200 feet to 13,680 feet. The surface hole location for the Cedar Canyon 16 State No. 12H (API No. 30-015-42683) is 900 feet from the South line, 860 feet from the West (Unit M) of Section 15 and the bottom hole location is 910 feet from the South line, 180 feet from the West line (Unit M) of Section 16. The Cedar Canyon 16 State No. 12H produces from the Corral Draw Bone Spring Pool (96238). True vertical depth at the first perforation point is 8,691 feet, and the corresponding measured depth is 9,704 feet. True vertical depth at last perforation is 8,635 feet and the corresponding measured depth is 14,214 feet. The proposed injection interval is along the horizontal portion of the wellbore at a measured depth of 9,704 feet to 14,214 feet. Produced water used for injection into the Subject Wells will be from the Bone Spring and Delaware formations. Injected gas is sourced from the Cedar Canyon Central Delivery Point integration system, which will include gas produced from the Delaware, First Bone Spring, and Second Bone Spring formations. The proposed project is located approximately 5 miles east of Malaga, New Mexico.

11. **Case 15605:** **Amended Application of COG Operating LLC for a non-standard spacing and proration unit, a non-standard project area, and compulsory pooling, Lea County, New Mexico.**

Applicant in the above-styled cause seeks an order (1) creating a non-standard, 280-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 27, the W/2 NW/4 of Section 34, and the NW/4 SW/4 of Section 34, Township 25 South, Range 33 East, NMPM, Lea County, New Mexico; (2) approving a non-standard project area; and (3) pooling all mineral interests in the Bone Spring formation underlying this acreage. Said non-standard unit is to be dedicated to proposed **Rojo AE 7811 JV-P Federal Com No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 27 to a standard bottom hole location in the NW/4 SW/4 (Unit L) of Section 34. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of COG Operating LLC as the contract operator of the well for BTA Oil Producers, LLC, and a 200% charge for risk involved in drilling said well. Said area is located

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approximately 22 miles west of Jal, New Mexico.

**12. Case 15594: (Continued from the January 5, 2017 Examiner Hearing.)**

**Amended application of BC Operating, Inc., Crown Oil Partners V, Crump Energy Partners, and Nadel and Gussman Permian, LLC for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant seeks an order (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the SE/4 of Section 25, Township 24 South, Range 28 East, NMPM, Eddy County, New Mexico; and (2) pooling all uncommitted interest owners in the Wolfcamp formation (WC; Salt Draw; Wolfcamp (G) Pool (Pool Code 97721)) underlying the E/2 of Section 36 and the proposed non-standard spacing and proration unit comprised of the SE/4 of Section 25 to form a non-standard 480-acre spacing and proration unit for the proposed horizontal well. Said non-standard unit is to be dedicated to applicants' proposed **Southern Comfort 25-36 State Com. X Well No. 2H**, which will be drilled horizontally from the NE/4 SE/4 (Unit I) of Section 25 to a non-standard bottomhole location in the SE/4 SE/4 (Unit P) of Section 36. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of BC Operating, Inc., as operator of the well, and a 200% charge for risk involved in drilling said well. The area is located approximately 10 miles southwest of Carlsbad, New Mexico.

**13. Case 15586: (Continued from the November 17, 2016 Examiner Hearing.)**

**Application of GMT Exploration Company LLC for a non-standard oil spacing and proration unit and compulsory pooling, Lea County, New Mexico.** Applicant seeks an order (i) creating a 160-acre, non-standard oil spacing and proration unit (project area) comprised of the E/2W/2 of Section 32, Township 21 South, Range 32 East, NMPM, in Lea County, and (ii) pooling all mineral interests in the Bone Spring formation underlying this acreage. The project area is to be dedicated to applicant's **Grenache "32" State Com. #1H** well, which will be horizontally drilled from a surface location in Unit N of Section 32, Township 21 South, Range 32 East to a bottom hole location in Unit C of Section 32, Township 21 South, Range 32 East. The completed interval for the well will remain within the 330-foot standard offset required by the Division's rules. Also to be considered will be the cost of drilling and completing the well and the allocation of the cost, the designation of applicant as the operator of the well, and a 200% charge for the risk involved in drilling and completing the well. The proposed project area is located approximately twenty-five (25) miles southwest of Loving, New Mexico.

**14. Case 15573: (Continued from the December 15, 2016 Examiner Hearing.)**

**Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of the E/2 SE/4 of Section 4 and the E/2 E/2 of Section 9, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 4-9 1H Well**, which will be horizontally drilled from a surface location in the NE/4 SE/4 (Unit I) of Section 4 to a standard bottom hole location in in the SE/4 SE/4 (Unit P) of Section 9. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

**15. Case 15574: (Continued from the December 15, 2016 Examiner Hearing.)**

**Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 240-acre, more or less, spacing and proration unit comprised of the W/2 SE/4 of Section 4 and the W/2 E/2 of Section 9, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 4-9 2H Well**, which will be horizontally drilled from a surface location in the NW/4 SE/4 (Unit J) of Section 4 to a standard bottom hole location in in the SW/4 SE/4 (Unit O) of Section 9. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

**16. Case 15575: (Continued from the December 15, 2016 Examiner Hearing.)**

**Application of RKI Exploration & Production for a non-standard spacing unit, compulsory pooling, and approval of an unorthodox well location, Eddy County, New Mexico.** Applicant in the above-styled cause seeks an (1) creating a 160-acre, more or less, non-standard spacing and proration unit comprised of the SE/4 of Section 4, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interest owners in the Wolfcamp formation (Brushy Draw; Wolfcamp (Gas) Pool (Pool Code 72897)) underlying the E/2 of Section 9 and the proposed non-standard spacing and proration unit comprised of the SE/4 of Section 4 to form a 480-acre spacing and proration unit for the proposed horizontal well; and (3) approving an

unorthodox location for the proposed horizontal well. This 480-acre spacing unit is to be dedicated to applicant's **RDX Federal Com. 4-9 No. 3H Well**, which will be drilled horizontally from the NE/4 SE/4 (Unit I) of Section 4 to a non-standard bottom hole location in the SE/4 SE/4 (Unit P) of Section 9. The completed interval for this well will commence 2310 feet from the South line and 330 feet from the East line (Unit I) of Section 4 to a location 330 feet from the South line and 330 feet from the East line (Unit P) of Section 9, thereby encroaching on the spacing and proration units to the North, Northeast, East, Southeast, and South of the proposed project area. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration & Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

*17. **Case 15576:** (Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 9 and the W/2 W/2 of Section 16, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 9-16 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 9 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 16. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

*18. **Case 15577:** (Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the E/2 W/2 of Section 9 and the E/2 W/2 of Section 16, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 9-16 2H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 9 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 16. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

*19. **Case 15578:** (Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration & Production for a non-standard spacing unit, compulsory pooling, and approval of an unorthodox well location, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an (1) creating a 640-acre, more or less, non-standard spacing and proration unit comprised of the W/2 of Section 9 and the W/2 of Section 16, Township 26 South, Range 30 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interest owners in the Wolfcamp formation (Brushy Draw; Wolfcamp (Gas) Pool (Pool Code 72897)) underlying the proposed unit; and (3) approving an unorthodox location for the proposed horizontal well. This 640-acre spacing unit is to be dedicated to applicant's **RDX Federal Com. 9-16 No. 3H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 9 to a non-standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 16. The completed interval for this well will commence 330 feet from the North line and 2310 feet from the West line (Unit C) of Section 9 to a location 330 feet from the South line and 2310 feet from the West line (Unit N) of Section 16, thereby encroaching on the spacing and proration units to the North, Northeast, East, Southeast, and South of the proposed project area. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration & Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

*20. **Case 15579:** (Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a non-standard, 320-acre, more or less, spacing and proration unit comprised of the W/2 W/2 of Section 19 and the W/2 W/2 of Section 30, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico; and (2) pooling all mineral interests in the Wolfcamp formation (Brushy Draw; Wolfcamp (Oil) Pool (97136)) underlying this acreage. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 19-30 No. 1H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 19 to a standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 30. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said

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well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

**21. Case 15580:** *(Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration and Production for a non-standard spacing and proration unit and compulsory pooling, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an order (1) creating a 320-acre, more or less, non-standard spacing and proration unit comprised of the E/2 W/2 of Section 19 and the E/2 W/2 of Section 30, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico. Said non-standard unit is to be dedicated to the applicant's proposed **RDX Federal Com 19-30 No. 2H Well**, which will be horizontally drilled from a surface location in the NE/4 NW/4 (Unit C) of Section 19 to a standard bottom hole location in the SE/4 SW/4 (Unit N) of Section 30. The completed interval for this well will remain within the 330-foot standard offset required by the rules. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration and Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

**22. Case 15581:** *(Continued from the December 15, 2016 Examiner Hearing.)*

***Application of RKI Exploration & Production for a non-standard spacing unit, compulsory pooling, and approval of an unorthodox well location, Eddy County, New Mexico.*** Applicant in the above-styled cause seeks an (1) creating a 640-acre, more or less, non-standard spacing and proration unit comprised of the W/2 of Section 19 and the W/2 of Section 30, Township 26 South, Range 31 East, NMPM, Eddy County, New Mexico; (2) pooling all uncommitted interest owners in the Wolfcamp formation (Brushy Draw; Wolfcamp (Gas) Pool (Pool Code 72897)) underlying the proposed unit; and (3) approving an unorthodox location for the proposed horizontal well. This 640-acre spacing unit is to be dedicated to applicant's **RDX Federal Com. 19-30 No. 3H Well**, which will be horizontally drilled from a surface location in the NW/4 NW/4 (Unit D) of Section 19 to a non-standard bottom hole location in the SW/4 SW/4 (Unit M) of Section 30. The completed interval for this well will commence 330 feet from the North line and 330 feet from the West line (Unit D) of Section 19 to a location 330 feet from the South line and 330 feet from the West line (Unit M) of Section 30, thereby encroaching on the spacing and proration units to the North, Northwest, West, Southwest, and South of the proposed project area. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of RKI Exploration & Production as operator of the well and a 200% charge for risk involved in drilling said well. Said area is located approximately 16 miles southeast of Malaga, New Mexico.

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